

Asian Roundtable on Corporate Governance

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The Regent Hotel, Singapore

Closing Remarks

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Distinguished Guests, Ladies and Gentlemen,

The 2007 Asian Roundtable on Corporate Governance has come to end after one and half days of rich and rewarding discussion.

It has been a great pleasure to co-host this event with the OECD, and with the support of the Singapore Institute of Directors (SID) and the Monetary Authority of Singapore (MAS). We also appreciate the helping hands of our lunchtime sponsors, Ernst & Young and ABN AMRO.

I would like to thank the distinguished speakers for sharing their insights with us, and thank you all for attending this year's Roundtable in Singapore and for your willingness to share your respective experience in corporate governance.

Before we close today's discussion, allow me to share of a couple of my own thoughts on this subject.

There is no doubt that high standards of corporate governance are essential for the sustainable development and success of the market. High standards go to the heart of investor confidence and trust in our capital markets. Strong corporate models of governance are also healthy for the business, finance and economic environments within which they operate.

The best assurance of sustainable success is in nurturing an environment conducive to the needs of its participants, so that they can freely conduct their business and financial transactions. Such an environment needs to be dynamic so that new ideas can be quickly assimilated, and our changing expectations can be met accordingly.

How then can we create such an environment? From a market regulator's perspective, developing a principle-based regime which participants can trust is vital. In contrast to a prescriptive regime, the flexibility of a principle-based regime allows us to be nimble and accommodate a wider range of business models and structured transactions which are assessed on its merits by market participants. The system is one which evolves gradually in the court of market opinion rather than according to the regulator's own judgement, where progress tends to be lagging in disjointed steps. The focus of regulators then, in this environment, is on the effective management of systemic risks, leaving transactional risks to the market to cope with.

A principle-based disclosure regime not only allows for a freer market, it also supports good governance. With a requirement to provide more transparency and information about corporate practices, companies need to have high standards of governance. A system of disclosure also means the market remains the ultimate judge of how well the board and management are performing.

SGX endeavours to have customer-focused regulatory obligations, and thus market-oriented regulation, to create an environment which can be trusted while not inhibiting the evolution of the market. We consider that the preferred role of the regulator is in providing the framework of disclosure-based rules, effective enforcement, and in managing systemic risks. We are not about removing the risks, but about limiting and mitigating these risks. Ultimately it is up to the market participants to choose the level of risk that they are comfortable with.

Managing systemic risk partly depends on keeping our regulatory focus on the quality of our market intermediaries, because the quality of our intermediaries has a direct impact on the quality of the market. With quality intermediaries, we can trust that quality products and services will be brought to our investors. Our investors will, in turn, have confidence and trust in the products and services offered within our market. In this way, the circle of trust is complete, and we then encourage the players to go forth and play in the market.

Let me conclude by saying that, as much as corporate governance is itself a dynamic process, it must consistently remain aligned with internationally-accepted standards. These standards remain an important benchmark for the principles and practices which we adopt. Unquestionably the OECD plays a key role by recommending good policies and practices, monitoring developments within the region, and facilitating dialogue, with forums such as this Roundtable.

Thank you, for taking a moment to reflect on my observations.

I wish our international visitors a safe journey home.